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ABSTRACT

In the past, educators have based their decisions on an assumption that schools would continue to grow in enrollment and resources. Educational literature too has focused on developmental and growth assumptions. Such assumptions may no longer be valid, as educational organizations are being confronted by problems of retrenchment and decline. This paper reviews the literature in order to formulate hypotheses about organizational decline, raise research questions, and provide a basis for conjecture about administration in declining situations. The authors found that there is little conceptual literature about decline and that almost none can be found in educational administration journals. The paper (1) provides a historical perspective on the emergence of decline as a major force acting on public and private organizations, (2) outlines the causes of decline, (3) notes the organizational implications of decline, and (4) suggests directions for research. (Author/JM)

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ORGANIZATIONAL DECLINE: IMPLICATIONS FOR RESEARCH

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Introduction

Perhaps the most profound change educators and educational organizations are experiencing is the change from a growth psychology to one of no growth, retrenchment, and decline. Yet how frequently do articles appear in the professional literature about organizational characteristics or management strategies in periods of stability or decline? The educational administration literature appears to be based on development and growth assumptions that may no longer be valid. What little conceptual literature exists on the subject is not found in the educational administration journals. The purpose of this paper, in contrast to the traditional review of the literature, is to develop hypotheses about organizational decline, raise research questions, and provide some basis for conjecture about administration in declining situations.

Growth is perceived by the American people as having few limits. The abundance of natural resources in the United States, the innovativeness of the people, and the strength

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of their work ethic contribute to that perception. As the people have exploited that abundance, their desire for material well-being has continually expanded. In turn the management of public and private organizations have allocated internal surpluses to enhance that desire thereby gaining "consensus from the potentially conflicting interest group segments that compete for resources in organizations" (Ukeles, 1973). Levine wrote "growth is a common denominator that links contemporary management theory to its historical antecedents and management practices with public policy choices" (Levine, 1978). The tradition of unlimited growth, however, has been challenged by the studies of the Club of Rome which conclude that known levels of world resources will not sustain current levels of population growth and consumption. A 1973 U.S. Geological Survey reinforced that conclusion by its projections of resource levels and consumption in America. Moreover, the decade of the 1970's has seen the various indicators of social, economic, and political growth come to a virtual standstill. Organizations and their managements now are faced with the problem of decline rather than development. Decline and the concomitant limitation on available resources has two effects: (1) managerial options for the solutions of problems have been narrowed and (2) management no longer has sufficient resources to meet the demands of competing groups. Decisions must be made which abversely affect some of those groups.

Historical Analysis of Decline

It is difficult to gain a true perspective on a crisis when leadership at a particular point in time is directly or even indirectly involved in the crisis. This is true for national leaders as well as leaders in the state and local levels. Educational leadership would agree that there is a crisis in education. School executives not only are being faced with declining enrollments and finances devoured by inflation, but also what Fred Hechinger described as "the headlong retreat (of America) from its commitment to education" (Hechinger, 1975). Some conjecture that the problem is caused by the inability of educational leaders, who are responsible for the formulation of policy at the federal, state and local levels, to implement major innovations. Diane Divoky came to a similar conclusion in the October 1979 Kappan when she stated "decline is much harder to handle than expansion" and that "if ever there was a time for long range planning ..... this is it." The inability to plan is an insufficient cause of the "headlong retreat". Such articles seem to say if school executives plan better, the classical results of growth will continue as they have in the past. The current national feeling of malaise is reflected in the problem of organizational decline. That unique and complex problem requires more than a sugar coated prescription of better planning. Planning in times of decline is not a solution in and of itself. First of all policy must be adopted which is clear, understood and accepted.

In her book, A Distant Mirror: The Calamitous 14th Century, Barbara Tuchman discovers some of the clues that may lead to a better understanding of the current situation. Her fundamental thesis is that the 14th century mirrors our 20th century. Then, as now, people had a feeling of malaise.

The many assumptions that man made about his life in the Middle Ages were collapsing. There was economic chaos, social unrest, profiteering, depraved morals, lack of production, frenetic gaiety and wild expenditures. The teachings of the Catholic Church and the standards of conduct embodied in Chivalry, "the dominant political idea of the ruling class", no longer held society together. By the middle of the 14th century there was a chasm between such teachings and standards, and everyday practice. Modern phrases can be substituted for those of the 14th century: the rising price of gold, inflation, oil profiteering, low production, strikes, drug culture and Studio 54. The political bonds of democracy - free enterprise, education and social justice - so popular during the first half of the 20th century are being severly strained by various societal forces.

The feudal state is described by Mosca as one in which "all the executive functions of society -- economic, judicial, administrative and military -- were exercised simultaneously by the same individuals" (Mosca, 1939). National states did not exist as today. Rather they were composed of many small social aggregates each of which was to all intents and purposes self-sufficient (Mosca, 1939). The political structure of such a social system was based upon a bond between a vassal and his lord, not the citizen to the state. Political balance among the aggregates was constantly in an unsteady state since the king had little political, economic, or military power. His authority was based on "feudal obligation", a very personal type of power. As feudal society moved toward the 15th century and the gulf between principle and practice increased, Tuchman perceives clues of new emerging political structures. Political, economic, and military power was becoming more specialized in administrative and elitest elements and

was being concentrated around a king or Pope. In times of crisis or chaos people permitted the development of more centralized and powerful political structures in order to ensure stability. Thus Tuchman foresaw the rise of modern systems of government as the Phoenix from the ashes of the 14th century. A "most complex and delicate type of political organization" was being formed (Tuchman, 1978).

The framers of the American Constitution in 1787 were concerned with the distribution of power and the relationship between states and the central government. Their heritage was in Europe and in a political system that had gradually evolved from the 14th century. During those four hundred years the national and/or religious state had grown by the centralization of political, economic and military power. Due to the abuse of what had become absolute power, men such as Jefferson, Adams, Madison, and Washington were suspicious of concentrations of power in a king or Pope, or even an aristocratic class. The fathers of the Constitution were ambivalent toward political power at best. The central government they structured was based upon a system of popular rule and a system of checks and balances. The president was a weak executive with power vested in many political units. Great power was reserved for the states so that the authority of the central government (which was suspect) was based more on persuasion than legitimate authority.

By the end of the eighteenth century Americans had also accepted the principles of nineteenth century economics. Leaders advocated laissez faire principles which held that the natural economic state should be allowed to operate and that it would be harmed if touched by government. (Lowi, 1969)

Capitalism reinforced the ideas of popular rule, decentralization, and pluralism and together became the basis for all government structures and functioning for the next 100 years.

As the 19th century progressed conflicts between capitalism and popular rule began to surface. The welfare of the citizenry began to conflict with the capitalistic concept of a free market. The resolution of these conflicts was increasingly decided in favor of the public interest. As one surveys the sweep of American history one sees that whenever there was a crisis confronting society, the people (popular rule) extended government. For instance, government was assigned regulatory powers in 1877 to stem abuses in the capitalistic system; government used taxation and other resources to win World Wars I and II; and government expanded its services to overcome the Great Depression. Government is prominent today because the people became convinced that the expansion of government was the most viable answer to a crisis.

With each "significant expansion of government in the past century there has also been a crisis in public authority" (Lowi, 1969). Bureaucracies were created to solve the various problems confronting the nation, e.g., Department of Defense, the Federal Reserve Board, the Interstate Commerce Commission (and its counterpart in each of the States), and more recently the Department of Environmental Protection. With the creation of each bureaucracy, its own administration was formed which was charged with gaining the ends of the organization through the various means granted it. Whereas each small governmental unit required a separate administration, little attention was given to the development of a central administration and its executive which would be responsible for the coordination of the bureaucracies at the federal level. Our pluralistic society, fearful

of concentrating too much power in the executive, permitted various public bureaucracies to "articulate goals, integrate members, provide for leadership and succession, in short to perpetuate themselves" (Lowi, 1969). This decentralization of power made the formulation and implementation of national policy difficult at best. Woodrow Wilson argued in 1886 that modern democracies would require centralized administration and that administration is more responsible when there are large delegations of power rather than small. A strong "administration is necessary to construct and change the system within which pluralism is to operate" (Lowi, 1969).

Government however over the last 50 years has become big rather than strong. And, as government has increased in size, it has become more costly. The belief that bigger government was necessarily better government has gradually eroded, as citizens have become aware that government was not producing the outcomes expected of it. Bureaucratic agencies, which were set up to solve problems, have become ungovernable and ends in and of themselves. The fundamental doctrines of pluralism and distrust of the executive, which have been guiding principles in the development of government in the United States, have produced an imbalance -- a large and disparate bureucracy, a strong but decentralized legislature, and a presidency dependent upon the personality of the holder. It is becoming increasingly difficult to marshall the power of government to confront problems. In times of decline, the prevalent crisis in the United States has become the "basic capacity of government to give direction and leadership" (Drucker, 1969). The crisis is complicated by three factors:

(1) a growing belief that government is limited in its ability to solve problems, (2) an economic condition in which there are increasingly scarce resources for government to use to solve problems, and (3) limited surpluses by which government can gain consensus from diverse aggregates.

That "most complex and delicate type of political organization" the modern representative state -- emerged from the 17th and 18th century exercising strong central power in a unified nation. In its attempt to solve all crises government promised too much, thereby straining its structures, creating an imbalance among its various political elements, and causing scepticism among its citizenry about the efficacy of government at the federal, state and local levels. As public confidence has declined, so has the public's willingness to allocate scarce resources to government, e.g., Propositions Two and Thirteen in California. As the resources available decline, those in control of government have to limit the functions which they undertake. What causes an organization to begin to decline rather than grow is a complex question. There probably is no single factor; rather multiple factors. Moreover, the causes of decline will vary from one organization to another.

The Causes of Decline

Charles Levine (1978) developed a most useful typology to categorize the causes of public organization decline.

The causes have two dimensions: (1) whether external or internal conditions have impacted the organization, and (2) whether those conditions have been produced by primarily political or economic/technical factors (Drucker, 1969).

	INTERNAL	EXTERNAL
POLITICAL	Political Vulnerability	Problem Depletion
ECONOMIC/ TECHNICAL	Organizational Atrophy	Environmental Entropy

Problem Depletion has two sources: (1) the short term involvement of an organization, like government, in a crisis, like the tornado in Windsor Locks, Connecticut and (2) where forces beyond the control of an organization such as demographic shifts, problem redefinition or policy termination remove the problem. For instance the decline of births in a school district may cause the closing of a school -- a condition external to the school district and largely political in nature.

Environmental Entrophy occurs when an organization's environment no longer can provide support at accustomed levels.

An example would be where the support of city schools is limited by intra-metropolitan shifts of business and industry from the city to the suburbs -- an economic condition external to the schools.

Political Vulnerability occurs where organizational structures are unable to resist demands to contract from their environment. Factors such as small size, internal conflict, weak leadership, and lack of expertise create vulnerability -- conditions which are internal to the organization but of a political nature.

Organizational Atrophy occurs when an organization's internal structures malfunction and do not inform the executives and policy formulators that problems exist. Decentralized authority, weak leadership, role confusion, lack of evaluative procedures are examples of such factors. An example of organizational atrophy is when schools of education kept graduating teachers, states credentialing them, and yet school systems are unable to employ them due to declining enrollments.

The recognition by the management of an organization that they are in a condition of decline is fundamental. Then the determination of the cause(s) of decline (by Levine's typology) will allow them to select strategies and tactics for coping with that condition. The crisis of decline has changed our traditional values from growth to decline or at best stability, abundance to scarcity, and consensus to

conflict (Scott, 1974). A new framework of values must be considered by practitioners as they make decisions. Organizations will require new goals, new external and internal structures, and the individuals comprising those organizations new behaviors if they are to meet the crisis of decline.

Organizational Implications

Educational organizations are characterized by high degrees of decentralization, low interdependence of members, goal ambiguity, high degrees of specialization, highly differentiated task structures, low formalization of processes and procedures, and a high degree of difficulty in verifying results. Such organizations are difficult to manage in good times. In times of contraction where the tendency often is to tighten the system and control variances, administration becomes more difficult. The skills of managing a declining institution are not only different from but are probably more complex than those required to manage growth.

Under conditions of growth, subunit requests for additional resources usually can be easily concerted with the general goals of the organization as a whole and its larger social purposes (Levine, 1978). Educational organizations historically have been particularly susceptible to "additions" to the school program in terms of new subjects, specialists and functions. However, in declining situations "additions"

become less possible without "deletions", which in turn leads to subunits usually responding to requests to make cuts in terms of their survival needs irrespective of the impact on the performance of the organization as a whole (Levine, 1978). The resistance to change brought about by cuts is particularly difficult in situations where slack resources that have been used for side payments and to produce consensus solutions have disappeared (Levine, 1978). Even though innovation and flexibility are perhaps most important in contracting conditions, organizations face increased resistance to change.

Goal ambiguity can be tolerated in growth situations. In decline organizations experience increased pressure to precisely define goals and apply resources to the pursuit of those goals. This, in turn, causes the value bases underlying differences of opinion to become more distinct thus increasing organizational conflict; and can cause return to a more traditional goal focus. Further, once goals are clarified there may be much less agreement about them than in the past when they were general and diffuse. However, a distinct goal structure does provide an objective basis for resource allocation decisions and the resolution of conflicts. Without rational choice techniques, decisions tend to be made on political considerations involving individual organizational members, department status, and the like (Cyert, 1978). In times of abundance, informal analysis and

intuition often surface for most decisions because the cost of making mistakes is not high. In contracting situations more formal analysis can help minimize the risk of making mistakes (Levine, 1978). Application of formal methods of analysis implies the centralization of information systems and planning processes. Centralization can permit correlations and integrations that are quite difficult in a decentralized system. On the other hand, control of data at a central level has the potential of impeding the flow of information among sub-units and of essential and critical feedback to them. There are reasons to believe that resource crises tend to centralize power in organizations. Such centralization usually means less pluralism, less meaningful participation in decision making and a more enhanced leadership role. Leadership is activated by catastrophic and crisis events in organizations.

Centralization does not mean, however, that planning or decision-making will become more synoptic. The most likely way to respond to decline is decrementally with techniques and values that are familiar. Retrenchment is accomplished successively and remedially with only a limited number of consequences considered. Organizations respond to decrements with a mix of espoused and operative strategies that are not necessarily consistent (Levine, 1978). Levine indicates that strategies for dealing with decline will be a mixed bag

of tactics related to the causes of organization decline intended to resist or smooth decline (Levine, 1978). An inventory of these cutback management tactics is presented in the following figure. One can conclude that the tactics are familiar and do correspond to an underlying logic (Levine, 1978).

Two of the most influential movements in management during the past 20 years have been systems theory and humanistic psychology. Systems theory assumes that if the organization is healthy then it must be growing or at least be stable and the organization must be adaptable (Scott, 1976). The premise of humanistic psychology is that if organizations meet mental health standards they will be more suitable places for individuals, and, further that management is obligated to design organizations to improve employees' mental health (Scott, 1976). The crises brought about by organizational decline demand reassessment of both approaches to management thought. How valuable is either in a period when we are apt to experience increased centralization under conditions of scarcity and decline? Can behavioral science technology improve organizational health in periods of decline? What management values, strategies and tactics are best suited to contraction?

Some Cutback Management Tactics

	Tactics to Resist Decline	Tactics to Smooth Decline
	(Problem Depletion)	
External: Political	1. Diversify programs, clients and constituents 2. Improve legislative liaison 3. Educate the public about the agency's mission 4. Mobilize dependent clients 5. Become "captured" by a powerful interest group or legislator 6. Threaten to cut vital or popular programs 7. Cut a visible and widespread service a little to demonstrate client dependence	1. Make peace with competing agencies 2. Cut low prestige programs 3. Cut programs to politically weak clients 4. Sell and lend expertise to other agencies 5. Share problems with other agencies
	(Environmental Entropy)	
External: Economic/ Technical	1. Find a wider and richer revenue base (e.g., metropolitan reorganization) 2. Develop incentives to prevent disinvestment 3. Seek foundation support 4. Lure new public and private sector investment 5. Adopt user charges for services where possible	1. Improve targeting on problems 2. Plan with preservative objectives 3. Cut losses by distinguishing between capital investments and sunk costs 4. Yield concessions to taxpayers and employers to retain them
	(Political Vulnerability)	
Internal: Political	1. Issue symbolic responses like forming study commissions and task forces 2. "Circle the wagons," i.e., develop a seige mentality to retain esprit de corps 3. Strengthen expertise	1. Change leadership at each stage in the decline process 2. Reorganize at each stage 3. Cut programs run by weak submits 4. Shift programs to another agency 5. Get temporary exemptions from personnel and budgetary regulations with limit discretion

(Figure continued on following page)

	Tactics to Resist Decline	Tactics to Smooth Decline
Internal: Economic/ Technical	(Organizational Atrophy) 1. Increase hierarchical control 2. Improve productivity 3. Experiment with less costly service delivery systems 4. Automate 5. Stockpile and ration resources	1. Renegotiate long term contracts to regain flexibility 2. Install rational choice technical like zero-base budgeting and evaluation research 3. Mortgage the future by deferring maintenance and downscaling personnel quality 4. Ask employees to make voluntary sacrifices like taking early retirements and deferring raises 5. Improve forecasting capacity to anticipate further cuts 6. Reassign surplus facilities to other users 7. Sell surplus property, lease back when needed 8. Exploit the exploitable

(Levine, 1978)

Directions for Research

One important use of research is "executive, providing a basis for thoughtful, deliberated and directed action" (Riffel, 1978, p. 140). Therefore, it is important to study the problem of decline in organizations, in order to develop a better data base, to determine better strategies by which decline may be handled, and to develop training programs which will provide administrators with effective skills to manage decline.

Throughout history, people have seen the rise and fall of organizations created by human beings - all the way from empires to religious faiths to various business, industrial and service enterprises. The problem is that the decline of

organizations has not been studied in a formal, programmatic way. For instance, historical studies of decline in nations such as Greece, Italy and Spain should be accomplished as well as studies of "declining sectors of the past such as agriculture, railroads, canals, and perhaps the textile industry" (Boulding, 1975, p. 9). What are the critical factors in decline with which management must cope? What are the interrelationships among such variables? Moreover, some organizations and nations when faced with decline have been able to stabalize themselves and though less powerful than in previous eras have been able to maintain themselves effectively at a reduced level of activity. What decisions on the part of management or what forces in their environment have permitted such stabalization?

A recent study of decline in Colorado school systems was completed which deserves attention and possible replication in other states:

> Dr. Rodekohn first did a careful statistical analysis of the changes in Colorado school districts between the census of 1960 and 1970. Then, having identified those school districts experiencing decline, he sent out a questionnaire to superintendents, followed by a small series of intensive interviews. Thus, we have not only the overall statistical picture, but a more intensive study of selected school districts, which can bring out elements of the situation that gross statistics inevitably miss and also place these elements in the larger statistical framework (Boulding, 1975, p. 9).

Researchers may be able to develop explanatory models of organizational decline by such analyses in the educational sector. In turn the researchers will relate them to operational and representational models, which then become the basic elements of theory development.

Particular methodologies which would be particularly relevant to the study of decline are: (1) ethnographic techniques for observing phenomea occuring in organizations coping with decline, (2) case studies which compare organizations in various stages of decline, (3) technological forecasting and longitudinal analysis of organizations, and (4) programmatic research which collates, synthesizes, and analyzes data about organizational decline which in turn provides strategies for meeting the problems of decline being faced by administrators.

The research problems posed by organizational decline are both scientific and practical-policy. The pervasiveness of the growth ideology in education will have to be replaced by new frameworks to help identify critical questions and strategies for action. The forces causing change in the future will be different than those in the past. Research agendas can no longer be built on familiar assumptions.

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